



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 5/2/2001

GAIN Report #E21058

## **European Union**

### **Agricultural Situation**

#### **EU Fruit and Vegetables Regime**

## **2001**

Approved by:

**Melinda Sallyards**

**U.S. Mission to the European Union, Brussels**

Prepared by:

**Hilde Brans**

---

#### **Report Highlights:**

**The first substantial modification was made to the 1996 reform of the EU fruit and vegetables regime. New rules were adopted for processed tomatoes, peaches, pears and citrus fruit; for aid paid to producer organizations and the management of export refunds. This report updates report E20070.**

---

Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Brussels USEU [BE2], E2

|  |         |
|--|---------|
| 1. SUMMARY .....   | Page 1  |
| 2. FRESH FRUIT AND VEGETABLES .....                        | Page 2  |
| COMMON MARKET ORGANIZATION .....                           | Page 2  |
| QUALITY STANDARDS .....                                    | Page 3  |
| PRODUCER ORGANIZATIONS (POS) AND OPERATIONAL FUNDS .....   | Page 3  |
| INTERBRANCH ORGANIZATIONS .....                            | Page 4  |
| INTERVENTION ARRANGEMENTS .....                            | Page 5  |
| TRADE WITH THIRD COUNTRIES .....                           | Page 7  |
| Entry Price System .....                                   | Page 7  |
| Export Refunds .....                                       | Page 8  |
| Tariff quotas .....  | Page 9  |
| 3. PROCESSED FRUIT & VEGETABLES .....                      | Page 9  |
| PRODUCTION AID SYSTEM .....                                | Page 9  |
| Threshold syste .....                                      | Page 10 |
| Per Hectare aid for dried grapes .....                     | Page 10 |
| Storage aid for dried grapes and dried figs .....          | Page 10 |
| Specific measures (white asparagus) .....                  | Page 11 |
| TRADE WITH THIRD COUNTRIES .....                           | Page 11 |
| Special Safeguard clause .....                             | Page 11 |
| Tariff quotas .....  | Page 11 |
| Export refunds .....                                       | Page 12 |
| 4. CITRUS .....  | Page 12 |
| Compensation to encourage processing of citrus fruit ..... | Page 12 |
| 5. NEW MEASURES - SUMMARY TABLE .....                      | Page 13 |
| 6. OTHER SUPPORT MEASURES .....                            | Page 14 |
| Promotional measures .....                                 | Page 14 |
| Orchard grubbing grants: .....                             | Page 14 |
| Production aid for processed raspberries .....             | Page 14 |
| Nuts .....   | Page 14 |
| 7. BUDGET .....  | Page 14 |
| 8. SOURCES & LINKS.....                                    | Page 15 |

## **EU FRUIT & VEGETABLES REGIME**

### **1. SUMMARY**

The EU fresh fruit and vegetable regime was reformed in 1996. This reform allowed the Commission to tackle specific weaknesses of the old regime such as the abuse of the withdrawal scheme in some Member States. The 1996 reform reinforced the role of producer organizations, introduced the entry price system and took account of the Uruguay Round accord. The EU processed fruit and vegetables regime was also reformed in 1996. The main objective of this regime was to provide financial assistance (production aid) to the processing industry.

Under pressure from the EU fruit and vegetable industry to simplify this regime, the EU amended in December 2000 the market organization rules for processed tomatoes, processed peaches and pears and citrus fruit (applicable as of marketing year 2001/02). Other changes made to the regime relate to aid paid to producer organizations (applicable as of January 1, 2001) and the management of export refunds for fresh fruit and vegetables (applicable as of marketing year 2001/02). This is the first substantial modification to the 1996 reform.

This modification to the 1996 reform has direct implications for the Canned Fruit Agreement. Aid for fruit and vegetables intended for processing will be paid directly to the producer organizations and no longer to the processors. Until the end of marketing year 2000/01, the EU applies a minimum price system. Processors receive EU compensation for paying a minimum price, higher than the market price, to growers. The new arrangements for processed fruit and vegetables make the fixing of a minimum price obsolete.

The 1996 reform repealed the 10-year quality and marketing improvements plans for the nut sector. However, existing plans may be concluded, with the last plans expiring in 2006. Contradictory to the Commission's intention not to extend this program, a regulation to extend the financing of plans that expired in 2000 for one year was adopted in March 2001.

Neither the fresh nor the processed fruit and vegetable sector was part of the Agenda 2000 reforms. However, the EU Commission was required to review both regimes by the end of the year 2000 and present recommendations to the EU Council and Parliament. On January 24, 2001, the Commission published a report evaluating the implementation of the 1996 reform (available on the EU server at [http://europe.eu.int/comm/agriculture/markets/fruitveg/report/2200\\_en.pdf](http://europe.eu.int/comm/agriculture/markets/fruitveg/report/2200_en.pdf))

This report updates report E20070 and incorporates the changes reported in E20086 and E20144 (available on our website at [www.useu.be/agri/commod.html](http://www.useu.be/agri/commod.html)).

### **2. FRESH FRUIT AND VEGETABLES**

#### **COMMON MARKET ORGANIZATION**

Basic rules for the common market organization (CMO) for fresh fruit & vegetables are laid down in Council Regulation 2200/96, as amended, which entered into force on January 1, 1997. It covers all fresh produce grown in the EU with the exception of potatoes, sweet corn, beans & peas for fodder, olives, wine grapes and bananas. The CMO includes the following provisions:

- the adoption of quality standards based on UN/ECE (United Nation Economic Commission for Europe) standards
- the recognition of producer organizations and Community financing of operational programs
- rules on interbranch organizations and agreements
- intervention arrangements
- trade with third countries (entry price system, tariff quotas and export refunds)
- national and Community checks

Council Regulation 2699/2000 of December 4, 2000, amends the provisions for Community financing of operational programs and for export refunds.

## QUALITY STANDARDS

Imports into the EU of fresh produce are checked for compliance with EU-harmonized marketing standards. Standards (annex I to the CMO) have been set for and cover the following:

**fruit:** apples & pears, apricots, cherries, citrus fruit, kiwis, melons & watermelons, nectarines, peaches, plums, strawberries and table grapes

**vegetables:** artichokes, asparagus, aubergines (eggplant), avocados, beans, Brussels sprouts, cabbage, carrots, cauliflower, celery, chicory, courgettes (zucchini), cucumbers, garlic, leeks, lettuce, onions, peas, spinach, sweet peppers and tomatoes.

Descriptions of these standards can be found on our website at [www.useu.be/agri/Fruit-Veg.html](http://www.useu.be/agri/Fruit-Veg.html)

## PRODUCER ORGANIZATIONS (POS) AND OPERATIONAL FUNDS

Producer organizations (PO's) are considered to be the basic elements in the CMO. "Producer organization" means any legal entity that has been formed on the initiative of growers of products falling within one of the following seven categories: Fruit & Vegetables, Fruit, Vegetables, Products intended for processing, Citrus, Nuts or Mushrooms. PO's cannot include traders. However, traders who also are producers are eligible to participate. The Council Regulation focuses on PO's in order to manage fruit & vegetables supply and prices throughout the EU. Environment-friendly practices as well as organized marketing efforts are also emphasized. Only 40% of total EU fruit and vegetable production is marketed through PO's, representing a value of about 12.5 billion Euro. The number and size of PO's varies significantly among member states.

Member states recognize PO's based on a minimum number of producers and minimum volume of marketable production. Detailed rules on the recognition of PO's are laid down in Commission Regulation 412/97.

EU financial assistance is channeled through PO's who submit an operational program to the competent member state authorities. Then, the member state's competent authority, usually the Ministry of Agriculture, either gives the funds directly to the PO or the funds are channeled through regional agricultural ministries who then distribute to the PO's. Operational programs have a minimum duration of three and a maximum duration of five years. Their objectives must include overall EU objectives such as supply and price management, marketing programs, quality improvement and promoting environment-friendly methods. However, a PO can decide what they want to focus on.

Operational funds also maybe used for topping up EU withdrawal payments or to pay withdrawal compensation

for products not listed in Annex II to the CMO. The proportion of the operational fund which may be used to finance withdrawals may not exceed 60% in the 1<sup>st</sup> year, 55% in the 2<sup>nd</sup>, 50 in the 3<sup>rd</sup>, 45% in the 4<sup>th</sup> and 30% from the 6<sup>th</sup> year onwards following the date of approval of the PO's 1<sup>st</sup> operation program.

Operational funds are financed by the PO's members based on the value or volume of their produce marketed through the PO. The EU's contribution to the fund is limited to 50% of the PO's actual expenditure. This percentage may be raised to 60% for transnational or interbranch operations. The CMO was amended to replace as of January 1, 2001, the system of two ceilings on financial aid (4.5% of the turnover of each PO within a limit of 2.5% of the total turnover of all PO's) with a single ceiling of 4.1% of the turnover of each PO.

Detailed rules on operational programs, operational funds and EU financial assistance are laid down in Commission Regulation 609/2001.

| <b>PRODUCER ORGANIZATIONS - 1999</b> |                 |                          |   |  |              |
|--------------------------------------|-----------------|--------------------------|---|--|--------------|
| <b>Member State</b>                  | <b># of POs</b> | <b># of POs with OP*</b> | <b>Value of Member States' total marketed production (million Euro)</b> | <b>Value of marketed production via POs with an OP* (million Euro)</b> | <b>Share</b> |
| Belgium                              | 6               | 6                        | 1,038.43  | 738.14   | 71%          |
| Denmark                              | 6               | 5                        | 167.50  | 46.79  | 28%          |
| Germany                              | 59              | 36                       | 1,735.84  | 528.56   | 30%          |
| Greece                               | 106             | 57                       | 2,159.38  | 156.91   | 7%           |
| Spain                                | 536             | 414                      | 6,768.57  | 3,108.34   | 46%          |
| France                               | 340             | 278                      | 4,889.19  | 2,461.01   | 50%          |
| Ireland                              | 6               | 5                        | 186.51  | 16.66  | 9%           |
| Italy                                | 120             | 88                       | 8,700.00  | 2,034.28   | 23%          |
| Luxembourg                           | 0               | 0                        | 5.00  | 0  | 0%           |
| Netherlands                          | 14              | 11                       | 2,279.00  | 1,591.38   | 70%          |
| Austria                              | 4               | 4                        | 344.11  | 59.88  | 17%          |
| Portugal                             | 39              | 24                       | 782.49  | 35.13  | 4%           |
| Finland                              | 9               | 5                        | 174.61  | 19.71  | 11%          |
| Sweden                               | 7               | 7                        | 166.22  | 67.02  | 40%          |
| United Kingdom                       | 75              | 68                       | 1,740.96  | 446.38   | 26%          |
| <b>Total</b>                         | <b>1,327</b>    | <b>1,008</b>             | <b>31,137.81</b>  | <b>11,310.19</b>   | <b>36%</b>   |
| * OP: Operational Program            |                 |                          |   |  |              |

Source: Commission Report on the state of implementation of Regulation 2200/96

## INTERBRANCH ORGANIZATIONS

"Interbranch organization" means legal entities representing the economic interest of organizations/associations linked to the production of and/or trade in and/or processing of products covered by the CMO and set up on the initiative of their members. The activities they carry out in one or more regions must take account of the consumers' interests and must be notified to the Commission. The organizations themselves may not be engaged in the production/processing/marketing of fruit and vegetables. Recognition of interbranch organizations is based on their representing a significant share of production in a specific area. So far, only five interbranch organizations have been recognized: INTERFEL and ANIFELT in France and AIPEMA, AILIMPO and INTERCITRUS in Spain.

## INTERVENTION ARRANGEMENTS

The perishable nature of fruit and vegetables makes them generally unsuitable for storage which means that they may need to be withdrawn from the market in years of oversupply. EU intervention arrangements have been established for 16 products (annex II to the CMO): cauliflowers, tomatoes, aubergines, apricots, peaches, nectarines, lemons, pears, table grapes, apples, satsumas, mandarins, clementines, oranges, melons and watermelons. Compensation is only paid for produce conforming to at least class II of the marketing standards in force (except for tomatoes).

The EU stipulates that withdrawal must be a short-term instrument to stabilize supply but should not provide a substitute outlet to the fresh produce market. The withdrawn products may be distributed free of charge to various institutions and charitable organizations, used for non-food purposes or in animal feed or transformed into alcohol. If none of these destinations are possible, the withdrawn products should be disposed of in a way that does not harm the environment.

As of marketing year 2002/03, the volume of products eligible for EU withdrawal compensation will be reduced to a 5% ceiling for citrus, 8.5% for apples & pears and 10% for melons and others, of the PO's marketed quantity. Withdrawals carried out during the 6-year transitional period, starting in 1997/98 (entry into force of the CMO), may not exceed the following percentages:

| <b>EU Withdrawal ceilings</b> |                |                |                |                |                |                   |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|-------------------|
|                               | <b>1997/98</b> | <b>1998/99</b> | <b>1999/00</b> | <b>2000/01</b> | <b>2001/02</b> | <b>as of 2002</b> |
| Citrus                        | 35%            | 30%            | 25%            | 20%            | 15%            | 10%               |
| Melons & Watermelons          | 10%            | 10%            | 10%            | 10%            | 10%            | 10%               |
| Apples & Pears                | 50%            | 45%            | 40%            | 30%            | 20%            | 8.5%              |
| Others                        | 50%            | 45%            | 40%            | 30%            | 20%            | 10%               |

Until the final ceilings are reached, intervention thresholds are being set at the beginning of each marketing year. Any overrun of the intervention threshold will reduce the value of EU compensation in the following marketing year. Withdrawal compensation has been reduced for cauliflowers, peaches and nectarines for the 2000/01 marketing year.

EU withdrawal compensation, based on average 1995/96 marketing year prices, is gradually being reduced over the 6-year transitional period. Compensation for citrus fruit has been based on the lowest withdrawal price

applicable in 1995/96 marketing year, except for satsumas for which compensation was based on the highest price.

| <b>Community withdrawal compensation in Euro/100 kg (annex V to the CMO):</b> |                |                |                |                |                |                        |
|---|----------------|----------------|----------------|----------------|----------------|------------------------|
| <b>MY</b>   | <b>1997/98</b> | <b>1998/99</b> | <b>1999/00</b> | <b>2000/01</b> | <b>2001/02</b> | <b>as from 2002/03</b> |
| Cauliflowers  | 9.34           | 8.88           | 8.41           | 7.94           | 7.48           | 7.01                   |
| Tomatoes  | 6.44           | 6.12           | 5.80           | 5.47           | 5.15           | 4.83                   |
| Apples  | 10.69          | 10.32          | 9.94           | 9.56           | 9.18           | 8.81                   |
| Grapes  | 10.69          | 10.15          | 9.62           | 9.08           | 8.55           | 8.02                   |
| Apricots  | 18.90          | 17.95          | 17.01          | 16.06          | 15.12          | 14.17                  |
| Nectarines  | 17.39          | 16.52          | 15.65          | 14.78          | 13.91          | 13.04                  |
| Peaches   | 14.65          | 13.92          | 13.18          | 12.45          | 11.72          | 10.99                  |
| Pears   | 10.18          | 9.82           | 8.46           | 9.10           | 8.75           | 8.39                   |
| Aubergines  | 5.29           | 5.02           | 4.76           | 4.49           | 4.23           | 3.97                   |
| Melons  | 4.00           | 4.00           | 4.00           | 4.00           | 4.00           | 4.00                   |
| Watermelons   | 4.00           | 4.00           | 4.00           | 4.00           | 4.00           | 4.00                   |
| Oranges   | 14.33          | 14.26          | 14.20          | 14.13          | 14.07          | 14.00                  |
| Mandarins   | 16.15          | 15.52          | 14.89          | 14.26          | 13.63          | 13.00                  |
| Clementines   | 12.74          | 12.79          | 12.84          | 12.90          | 12.95          | 13.00                  |
| Satsumas  | 10.49          | 10.99          | 11.49          | 12.00          | 12.50          | 13.00                  |
| Lemons  | 13.37          | 13.30          | 13.22          | 13.15          | 13.07          | 13.00                  |

| <b>Withdrawal - Actual 1999 Expenditure by Member State (million Euro)</b> |                 |                    |
|--|-----------------|--------------------|
| Belgium 1.6  | France 23.1     | Portugal 0.2       |
| Denmark -  | Ireland -       | Finland -          |
| Germany 1.2  | Italy 17.2      | Sweden -           |
| Greece 9.9   | Netherlands 3.0 | United Kingdom 2.7 |
| Spain 31.7   | Austria -       | <b>Total 90.6</b>  |

Source: 29<sup>th</sup> Financial Report on EAGGF - Financial Year 1999

Use of the operational fund to top up the EU withdrawal compensation may not exceed the maximum level of withdrawal prices applying in the 1995/96 marketing year (annex VIII to the CMO):

| Product      | Max. price<br>1995/96 | Maximum Supplement (Euro/100 kg) |            |            |            |            |               |
|--------------|-----------------------|----------------------------------|------------|------------|------------|------------|---------------|
|              |                       | MY 1997/98                       | MY 1998/99 | MY 1999/00 | MY 2000/01 | MY 2001/02 | As of 2000/03 |
| Tomatoes     | 12.84                 | 6.40                             | 6.72       | 7.04       | 7.37       | 7.69       | 8.01          |
| Cauliflowers | 13.51                 | 4.17                             | 4.64       | 5.10       | 5.57       | 6.04       | 6.50          |
| Apples       | 15.04                 | 4.35                             | 4.73       | 5.10       | 5.48       | 5.86       | 6.23          |
| Grapes       | 15.45                 | 4.76                             | 5.29       | 5.83       | 6.36       | 6.90       | 7.43          |
| Apricots     | 23.36                 | 4.46                             | 5.41       | 6.35       | 7.30       | 8.24       | 9.19          |
| Nectarines   | 25.43                 | 8.04                             | 8.91       | 9.78       | 10.65      | 11.52      | 12.39         |
| Peaches      | 22.53                 | 7.88                             | 8.61       | 9.35       | 10.08      | 10.81      | 11.54         |
| Pears        | 14.83                 | 4.65                             | 5.01       | 5.37       | 5.73       | 6.09       | 6.44          |
| Aubergines   | 7.62                  | 2.33                             | 2.59       | 2.86       | 3.12       | 3.39       | 3.65          |
| Oranges      | 15.85                 | 1.52                             | 1.59       | 1.65       | 1.72       | 1.78       | 1.85          |
| Mandarins    | 17.48                 | 1.33                             | 1.96       | 2.59       | 3.22       | 3.85       | 4.48          |
| Clementines  | 13.70                 | 0.96                             | 0.91       | 0.86       | 0.80       | 0.75       | 0.70          |
| Satsumas     | 10.49                 | 0.00                             | 0.00       | 0.00       | 0.00       | 0.00       | 0.00          |
| Lemons       | 17.26                 | 3.89                             | 3.96       | 4.04       | 4.11       | 4.19       | 4.26          |
| Melons       | N/A                   | N/A                              | N/A        | 4.20       | 4.20       | 4.20       | 4.20          |
| Watermelons  | N/A                   | N/A                              | N/A        | 2.70       | 2.70       | 2.70       | 2.70          |

(Commission Regulation 1490/98, 729/1999)

Individual producers who are not members of a PO may also request withdrawal compensation through a PO. The compensation will be reduced by 10% and limited to 10% of the grower's marketed production and the grower will have to contribute to administrative costs.

## TRADE WITH THIRD COUNTRIES

### Entry Price System

Imports of fresh aubergines, courgettes (zucchini), cucumbers, tomatoes, apples, apricots, cherries, peaches & nectarines, pear, plums, table grapes, clementines, lemons, mandarins and oranges are subject to the entry price system. Different tariffs apply to each product depending on the "entry price" of the product at the time of import. This means that the import duty rate varies according to the value of each shipment.

Fruits and vegetables imported at or over an established entry price are charged an ad valorem duty only. Produce valued below the entry price are charged a tariff equivalent in addition to the ad valorem duty. The tariff equivalent is graduated for products valued between 92% and 100% of the entry price. The ad valorem duty and the full tariff equivalent are levied on imports valued at less than 92% of the entry price. The entry prices and tariff equivalents were fixed in GATT and had to be reduced by 20% over the 6-year GATT implementation period.



An importer can choose one of three methods to calculate the entry price:

- the standard import value (SIV): calculated on a daily basis, by product and by origin, and published in the Official Journal
- the fob price of the products in their country of origin
- the effective resale value of the shipment concerned

Detailed rules for the application of the import arrangements and the calculation methods are laid down in Commission regulation 3223/94, as amended.

Conditions to levy additional import duties on imports falling below "trigger prices" or exceeding "trigger volumes" are set out in Art. 5 of GATT. This special safeguard clause allows the EU to monitor imported volumes of products subject to the entry price system. If these volumes exceed an established "trigger level", consignments imported below 92% of the entry price may incur an additional duty. Since its inception, only the volume safeguard has been implemented.

Detailed rules on the application of the safeguard clause are laid down in Commission Regulation 1555/96, as amended. Commission Regulation 2623/98 establishes an on-line monitoring system and abolishes the import licence requirement.

### Export Refunds

Export subsidies are bound in the WTO as an aggregate commitment for the product group "fresh fruit and vegetables" and the product group "processed fruit and vegetables". The "fresh fruit and vegetables" group consists of 11 specified products: tomatoes, shelled almonds, hazelnuts or filberts, walnuts, oranges, mandarins, clementines, lemons & limes, table grapes, apples and peaches & nectarines. A reduction of 21% in volume and 36% in budget was agreed under GATT.

| <b>WTO notifications of EU subsidized exports</b> |                                     |                      |                                     |                      |
|---|-------------------------------------|----------------------|-------------------------------------|----------------------|
|   | <b>Marketing Year<br/>1998/1999</b> |                      | <b>Marketing Year<br/>1997/1998</b> |                      |
|   | Million<br>ECU                      | Quantity<br>(000 MT) | Million ECU                         | Quantity<br>(000 MT) |
| Fresh Fruit & Vegetables                          | 31.6                                | 763                  | 26                                  | 837.4                |

Export refunds are granted on the basis of export licences which may be issued under three systems:

system A1: standard system with advance fixing of the refund. Under this system, exporters apply for a refund applicable on the date of the license application.

system A2: special system with advance fixing of the refund. Under this system, exporters apply for a definitive refund and a specific quantity of products.

system B: system without advance fixing of the refund

Council Regulation 2699/2000 amends regulation 2200/96 to fix the level of refunds by way of a tender system in addition to the above described issuing systems (applicable as of marketing year 2001/02). Detailed rules for the application of the system of export refunds on fruit and vegetables are laid down in Commission Regulation

2190/96, as amended.

### **Tariff quotas**

The CMO provides for the opening and administration of tariff quotas. Quotas are administered using one or a combination of the following methods:

- method based on chronological order (first come, first served)
- method of allocating quotas in proportion to quantities requested
- method based on traditional trade flows

WTO tariff quotas are published in the EU Tariff Schedule.

The CMO also provides for measures to be taken when imports threaten to disturb the domestic market. At present, a monthly quota of 1,000 MT is in place for imports of garlic from China.

## **3. PROCESSED FRUIT & VEGETABLES**

Rules for the common market organization for processed fruit and vegetables are laid down in Council Regulation 2201/96 which also entered into force on January 1, 1997. Council Regulation 2699/2000 of December 4, 2000, amended the rules for tomato products, peaches and pears. The CMO covers the following provisions:

- production aid system
- trade with third countries

### **PRODUCTION AID SYSTEM**

The production aid system applies to the following products (annex I to the CMO): tomato products, dried figs, prunes, William & Rocha pears and peaches.

**New arrangements for tomatoes, peaches and pears:** As of marketing year 2001/02, production aid for tomatoes, peaches and pears will be paid directly to the PO's, applying the same system which is already in place for citrus fruit (see chapter 4 - Citrus). This new measure withdraws the current system of compensating the processor who pays a minimum price to the producer. The new regulation also fixes a permanent rate of aid for the quantity of raw material intended for processing instead of fixing a rate at the beginning of each marketing year for finished products. In the case of tomatoes, this will replace the 16 different amount for finished products with a single amount of aid. Amounts of aid: 34.5 Euro/MT for fresh tomatoes, 47.7 Euro/MT for peaches and 161.7 Euro/MT for pears. The finished product has to meet minimum quality requirements which are laid down in Commission Regulations.

Provision for the other processed products (prunes, dried figs and dried grapes) laid down in regulation 2201/96, including the system of compensating processors who pay a minimum price to producers, are being retained.

Detailed rules for the application of the production aid system, applicable until the end of marketing year 2000/01, are laid down in Commission Regulation 504/97, as amended.

**Threshold system:**

Council Regulation 2699/2000 also replaces, as of marketing year 2001/02, the quota system for processed tomatoes with the threshold system already existing for processed peaches, pears and citrus. National thresholds instead of Community thresholds are being introduced which means that in case of overrun, aid will be reduced only in that member state exceeding its national threshold. Thresholds are expressed in raw materials instead of finished products. Flexibility is given to member states to sub-divide their national thresholds for processed tomatoes into two sub-groups: full peeled tomatoes and other tomato products.

Detailed rules for the application of the quota system for processed tomato products, applicable until the end of marketing year 2000/01, are laid down in Commission Regulation 2807/98.

| <b>National Processing Thresholds (MT, in raw material)</b> |                  |                |                |
|---|------------------|----------------|----------------|
| <b>Member State</b>   | <b>Tomatoes</b>  | <b>Peaches</b> | <b>Pears</b>   |
| Greece  | 1,211,241        | 300,000        | 5,155          |
| Spain   | 1,238,606        | 180,794        | 35,199         |
| France  | 401,608          | 15,685         | 17,703         |
| Italy   | 4,350,000        | 42,309         | 45,708         |
| Netherlands   | n/a              | n/a            | 243            |
| Austria   | n/a              | n/a            | 9              |
| Portugal  | 1,050,000        | 218            | 600            |
| <b>Community threshold</b>                                  | <b>8,251,455</b> | <b>539,006</b> | <b>104,617</b> |

**Per Hectare aid for dried grapes:**

Per hectare aid is granted for the cultivation of grapes intended for the production of dried grapes (sultana, raisins and currants). The amount of aid is fixed per hectare of specialized area harvested, on the basis of the average yield of that area. In fixing the amount of aid, account is taken of the need to maintain specialized areas and the outlets available for dried grapes. The CMO sets a maximum guaranteed Community area equal to the average of areas used for these crops in marketing years 1987/1988, 1988/89 and 1989/90. If the maximum guaranteed area (53,000 hectares) is exceeded, the amount of the aid is reduced.

Detailed rules are laid down in Commission Regulation 2911/90.

**Storage aid for dried grapes and dried figs:**

Storage aid is granted to "storage agencies", approved by the Member States, who buy in sultanas, currants and dried figs during the last two months of a marketing year. MY for sultanas/currants is September 1 - August 31, MY for dried figs is July 1 - June 30. Storage aid is paid for products complying with established quality standards and is limited to 27,370 MT per marketing year. The buying-in price for dried figs is the minimum

price for the lowest quality class minus 5%. The buying-in price for sultanas and currants currently in force is the marketing year 1994/95 buying-in price adjusted each year in line with the change in world prices for sultanas and currants.

Detailed rules are laid down in Commission Regulation 626/85 and 627/85.

### **Specific measures (white asparagus):**

The CMO introduces specific measures to promote and enhance the competitiveness of products which are of economic or ecological importance at local or regional level and face strong international competition. Such measures may include:

- action to improve the suitability for processing
- action to perfect the scientific/technical aspects of new operational methods with a view to improving quality and/or reducing production costs for processed products
- action relating to the development of new products and/or new uses for processed products
- carrying out market studies
- action to promote the consumption and use of the products concerned.

Under this article, a flat-rate aid of 500 Euro per hectare for a maximum of 9,000 hectares is provided for asparagus intended for processing during the first three years following implementation of the specific measures.

Commission Regulation 956/97 lays down detailed rules for the application of specific measures for processed asparagus.

### **TRADE WITH THIRD COUNTRIES**

Imports of the following processed products into the EU are subject to presentation of an import license: dried grapes (excl. currants), cherries, peaches, orange juice, mushrooms, tomato concentrate and asparagus.

### **Special Safeguard clause:**

Conditions to levy additional import duties on imports of certain products covered by this CMO which fall below "trigger prices" or exceeding "trigger volumes" are set out in Art. 5 of the Uruguay Round Agreement.

### **Tariff quotas:**

This CMO also provides for the opening and administration of tariff quotas. Quotas are administered using one or a combination of the following methods:

- method based on chronological order (first come, first served)
- method of allocating quotas in proportion to quantities requested
- method based on traditional trade flows

WTO tariff quotas are published in the EU Tariff Schedule.

**Export refunds:**

Export refunds, based on the difference between EU prices and international prices, may be paid to certain products covered by this CMO. The following products are currently eligible for export refunds: provisionally preserved cherries, peeled tomatoes, preserved cherries, prepared hazelnuts and certain orange juices. Export refunds reported to the WTO are not broken out by commodity.

| <b>WTO notifications of EU subsidized exports</b> |                                     |                   |                                     |                   |
|---|-------------------------------------|-------------------|-------------------------------------|-------------------|
|   | <b>Marketing Year<br/>1998/1999</b> |                   | <b>Marketing Year<br/>1997/1998</b> |                   |
|   | Million ECU                         | Quantity (000 MT) | Million ECU                         | Quantity (000 MT) |
| Processed Fruit & Vegetables                      | 4.5                                 | 87.1              | 5.7                                 | 98.5              |

Detailed rules on export refunds on products processed from fruit and vegetables, other than those granted for added sugar are laid down in Commission Regulation 1430/95.

Refunds may also be fixed on the content of white & raw sugar, glucose & glucose syrup, isoglucose and beet & cane syrups used in the products covered by this CMO. Refunds on raw & white sugar, beet & cane syrup and isoglucose fall under the sugar regime. Refunds on glucose and glucose syrup fall under the cereals regime.

**4. CITRUS****Compensation to encourage processing of citrus fruit:**

Council Regulation 2202/96 introduced an aid scheme for producer organizations delivering certain citrus fruits to processors under contracts. The aid scheme covers lemons, grapefruit, oranges, mandarins and clementines processed into juice and clementines and satsumas processed into segments. Council Regulation 2699/2000 increased the Community thresholds for oranges to 1,500,236 MT (+ 10.9%), to 510,600 MT for lemons (+ 4.5%) and to 384,000 MT for small citrus fruit (+ 9.1%). Aid amounts remain unchanged. Member states may sub-divide the national thresholds into two sub-groups: processing small citrus into segments and processing into juice. Overrunning the threshold, assessed on the basis of the last three marketing years including the current, results in a reduction of aid. The new regulation also reduces the withdrawal ceiling for citrus from 15% to 10% of the quantity marketed by the PO in 2001/02 and to 5% from 2002/03. The aim of the arrangements for citrus is to encourage growers to present their products for processing rather than for withdrawal.

| <b>Amount of aid granted to producer organizations delivering citrus fruit to the processing industry (Euro/100 kg net)</b> |           |         |         |                            |
|---|-----------|---------|---------|----------------------------|
| <b>Contracts covering one MY</b>  | 1999/2000 | 2000/01 | 2001/02 | 2002/03 and subsequent MYs |

|   |           |         |         |                            |
|---|-----------|---------|---------|----------------------------|
| Lemons                                    | 9.25      | 9.21    | 9.15    | 9.10                       |
| Grapefruit                                | 9.25      | 9.21    | 9.15    | 9.10                       |
| Oranges                                   | 9.94      | 9.89    | 9.85    | 9.80                       |
| Mandarins                                 | 10.42     | 9.98    | 9.54    | 9.10                       |
| Clementines                               | 8.99      | 9.03    | 9.07    | 9.10                       |
| Satsumas                                  | 8.04      | 8.40    | 8.75    | 9.10                       |
|   |           |         |         |                            |
| <b>Multi-annual Contracts</b>             | 1999/2000 | 2000/01 | 2001/02 | 2002/03 and subsequent MYs |
| Lemons                                    | 10.64     | 10.59   | 10.52   | 10.47                      |
| Grapefruit                                | 10.64     | 10.59   | 10.52   | 10.47                      |
| Oranges                                   | 11.43     | 11.37   | 11.33   | 11.27                      |
| Mandarins                                 | 11.99     | 11.48   | 1.97    | 10.47                      |
| Clementines                               | 10.34     | 10.38   | 10.42   | 10.47                      |
| Satsumas                                  | 9.25      | 9.66    | 10.06   | 10.47                      |
|   |           |         |         |                            |
| <b>Individual Producers (non-members)</b> | 1999/2000 | 2000/01 | 2001/02 | 2002/03 and subsequent MYs |
| Lemons                                    | 8.33      | 8.28    | 8.23    | 8.19                       |
| Grapefruit                                | 8.33      | 8.28    | 8.23    | 8.19                       |
| Orangs                                    | 8.95      | 8.90    | 8.86    | 8.82                       |
| Mandarins                                 | 9.38      | 8.98    | 8.59    | 8.19                       |
| Clementines                               | 8.09      | 8.13    | 8.16    | 8.19                       |
| Satsumas                                  | 7.24      | 7.56    | 7.88    | 8.19                       |

Detailed rules for the application of this regulation are established in Commission Regulation 1169/97.

## 5. NEW MEASURES - SUMMARY TABLE

| Summary table of new measures under Council Regulation 2699/2000 (amendment to regulation 2200/96, 2201/96 and 2202/96) |            |                      |               |
|---|------------|----------------------|---------------|
| Measure   | Tomato aid | Peaches/Pears regime | Citrus regime |
| Threshold instead of quotas   | NEW        | existing             | existing      |

|   |                       |            |            |
|---|-----------------------|------------|------------|
| Threshold expressed in raw material       | existing (for quotas) | <b>NEW</b> | existing   |
| Community thresholds to national ones     | <b>NEW (*)</b>        | <b>NEW</b> | <b>NEW</b> |
| Direct payments to producer organizations | <b>NEW</b>            | <b>NEW</b> | existing   |
| Fixing permanent rate of aid              | <b>NEW</b>            | <b>NEW</b> | existing   |
| * existing: national quotas               |                       |            |            |

## 6. OTHER SUPPORT MEASURES

- **Promotional measures:** the EU adopted new rules for the promotion of agricultural products on the internal market (Council Regulation 2826/2000) taking the same approach as for promoting EU products outside the EU. The new regulation replaces twelve existing schemes governed by different rules. New projects must be more multi-member states and multi-products with a generic campaign. Measures are part-financed by the EU (50%), trade organizations (30%) and member states (20%) with an annual Community budget of 45 million Euro.. Under the 2001 EU budget, 7 million Euro has been approved for export promotion programs. Information on promotion programs for marketing year 2000/01 is available on the EU server at [http://europe.eu.int/comm/agriculture/prom/apple/index\\_en.htm](http://europe.eu.int/comm/agriculture/prom/apple/index_en.htm).

Detailed rules for promotion programs in third countries are laid down in Commission Regulation 2879/2000.

- **Orchard grubbing grants:** all schemes have closed. There was no new grubbing up proposal for the current marketing year. The closing date for applications under the latest scheme was February 15, 1998. Detailed rules for the 1998 scheme are laid down in Commission Regulation 2467/97.

- **Production aid for processed raspberries:** Council Regulation 1991/92 establishes a special aid scheme for raspberries intended for processing. Programs to improve the competitiveness of the sector receive EU financial assistance up to 40% of the expenditure incurred.

- **Nuts:** Council Regulation 2159/89 provided for a 10 year improvement program for nuts. A number of the action plans, approved under this regulation, ended in 2000. Council Regulation 558/2001 extends the financing of these plans until June 2001.

## 7. BUDGET

The new rules adopted under Council Regulation 2699/2000 will lead to an additional cost of 40 million Euro from 2001 rising to 177 million Euro in 2004.

The EU budget for 2001 increased by 15% for fresh fruit and vegetables and decreased by 17.5% for processed fruit and vegetables compared to 2000. FAS Attache report E21046 provides full details on the 2001 budget for fruit and vegetables.

## 8. SOURCES & LINKS

**Sources:**

- European Commission, Agriculture DG
- Agra-Europe
- Eurofruit

**Links:**

- Council Regulation 2200/96 (fresh fruit and vegetables):  
[http://europa.eu.int/eur-lex/en/lif/dat/1996/en\\_396R2200.html](http://europa.eu.int/eur-lex/en/lif/dat/1996/en_396R2200.html)
- Council Regulation 2201/96 (processed fruit and vegetables):  
[http://europa.eu.int/eur-lex/en/lif/dat/1996/en\\_396R2201.html](http://europa.eu.int/eur-lex/en/lif/dat/1996/en_396R2201.html)
- Council Regulation 2202/96 (citrus): [http://europa.eu.int/eur-lex/en/lif/dat/1996/en\\_396R2202.html](http://europa.eu.int/eur-lex/en/lif/dat/1996/en_396R2202.html)
- Council Regulation 2699/2000 (amendment): [http://europa.eu.int/eur-lex/en/lif/dat/2000/en\\_300R2699.html](http://europa.eu.int/eur-lex/en/lif/dat/2000/en_300R2699.html)
- 1996 reform evaluation report: [http://europe.eu.int/comm/agriculture/markets/fruitveg/report/2200\\_en.pdf](http://europe.eu.int/comm/agriculture/markets/fruitveg/report/2200_en.pdf)
- 1999 Financial Report on EAGGF: [http://europe.eu.int/comm/agriculture/fin/finrep99/index\\_en.htm](http://europe.eu.int/comm/agriculture/fin/finrep99/index_en.htm)
- Promotion programs: [http://europe.eu.int/comm/agriculture/prom/index\\_en.htm](http://europe.eu.int/comm/agriculture/prom/index_en.htm)
- USEU Fruit & Vegetable reports: [www.useu.be/agri/commod.html](http://www.useu.be/agri/commod.html)